

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY
3

4 RESOLUTION NO. 18-21
5

6 RESOLUTION AUTHORIZING THE AGENCY BUSINESS PLAN
7 FOR FISCAL YEAR 2018/2019
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10 WHEREAS, pursuant to the Zenovich-Moscone-Chacon Housing and
11 Home Finance Act ("Act"), the California Housing Finance Agency ("Agency")
12 has the authority to engage in activities to reduce the cost of mortgage financing
13 for home purchase and rental housing development, including the issuance of
14 bonds and the insuring of mortgage loans;
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16 WHEREAS, the Agency's statutory objectives include, among others,
17 increasing the range of housing choices for California residents, meeting the
18 housing needs of persons and families of low or moderate income, maximizing the
19 impact of financing activities on employment and local economic activity, and
20 implementing the objectives of the California Statewide Housing Plan;
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22 WHEREAS, while the improving California economy and real estate
23 markets continue to present opportunity for the Agency, financial challenges
24 remain within changing credit and capital markets;
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26 WHEREAS, the Agency must responsibly manage real estate related risk
27 and liquidity for operating expenses and financial obligations;
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29 WHEREAS, the Agency has presented to the Board of Directors a Business
30 Plan, for fiscal year 2018/19, with its goals, key strategies and action items
31 designed to assist the Agency in meeting its financial obligations, its statutory
32 objectives, support the housing needs of the people of California and to provide the
33 Agency with the necessary road map to continue its reemergence as a leading
34 affordable housing lender providing bond financing and mortgage financing well
35 into the future;
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37 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the
38 Agency as follows:
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40 1. The 2018/19 Business Plan, as presented by the written presentation
41 attached hereto and made a part hereof, and any additional presentations made at
42 the meeting, is hereby fully endorsed and adopted.
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1 2. In implementing the Business Plan, the Agency shall strive to satisfy all
2 the capital adequacy, liquidity reserve, credit and other reserve and any other
3 requirements necessary to maintain the Agency's general obligation credit ratings
4 and the current credit ratings on its debt obligations, to comply with the
5 requirements of the Agency's providers of credit enhancement, liquidity, and
6 interest rate swaps and to satisfy any other requirements of the Agency's bond and
7 insurance programs.

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9 3. The updated Business Plan is necessarily based on various economic,
10 fiscal and legal assumptions.

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12 Therefore, for the Agency to respond to changing circumstances, and subject to
13 the provisions of Resolution 11-06, the Executive Director shall have the authority to
14 adjust the Agency's day-to-day activities to reflect actual economic, fiscal and legal
15 circumstances to attain goals and objectives consistent with the intent of the updated
16 Business Plan.

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19 Attachment
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1 SECRETARY'S CERTIFICATE

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3 I, Marc J. Victor, the undersigned, do hereby certify that I am the duly
4 authorized Acting Secretary of the Board of Directors of the California Housing
5 Finance Agency, and hereby further certify that the foregoing is a full, true, and
6 correct copy of Resolution No. 18-21 duly adopted at a regular meeting of the
7 Board of Directors of the California Housing Finance Agency duly called and held
8 on the 10th day of May, 2018, at which meeting all said directors had due notice, a
9 quorum was present and that at said meeting said resolution was adopted by the
10 following vote:

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12 AYES: Avila Farias, Schaefer (for Chiang), Gallagher, Johnson-Hall, Metcalf,
13 Hoffman (for Podesta), Prince.

14 NOES: None.

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16 ABSTENTIONS: None.

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18 ABSENT: Alex, Gunning, Hunter, Imbasciani, Russell, Sotelo.

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20 IN WITNESS WHEREOF, I have executed this certificate hereto this 11th
21 day of May 2018.

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24 ATTEST:



25 MARC J. VICTOR

26 Acting Secretary of the Board of Directors
27 of the California Housing Finance Agency
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CalHFA Strategic Business Plan FY 2018-19

Mission: To create and finance progressive housing solutions so more Californians have a place to call home.

Goals of Organization:

- CalHFA:** 1) Increase the Agency's future income and equity position by expanding single family and multifamily lending activities consistent with State housing needs
 2) Continue to improve operational efficiencies through the use of technology, workforce planning and the implementation of best practices
 3) Collaborate with other housing entities, lenders both public and private, and stakeholders to deliver effective and innovative housing solutions
KYHC: 4) Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity

Strategy

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BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS		Due Dates / Status	Multi-Year Effort?	Item Owner
Increase the Agency's future income and equity position by expanding single family and multifamily lending activities consistent with State housing needs	1 Generate income via single family lending opportunities while promoting sustainability and covering broad income and housing needs.	A	Generate \$1.5 billion in 1st mortgage loan purchases; 5,600 homebuyers	6/30/2019	N	HO
			Generate \$16.5 million in revenue for Single Family Lending	6/30/2019	N	HO
		B	Generate \$56 million in MyHOME subordinate loans for down payment assistance	6/30/2019	N	HO
			Generate \$2.8 million in administrative fees from MyHOME Subordinate Loans	6/30/2019	N	HO
		C	Generate \$56 million in Zero Interest Program (ZIP) subordinate loans for closing cost assistance resulting in an estimated present value of \$35 million	6/30/2019	N	HO
		D	Research and implement a single family refinance program	6/30/2019	N	HO
		E	Implement Fannie Mae's manufactured housing loan product	6/30/2019	N	HO
		F	Implement FHA's loan program (HUD 184) for Indian Reservations	6/30/2019	N	HO
		Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)		Progress		
		G	Continue partnership with provider of financial literacy counseling	Continuous	Y	HO
		H	Track and potentially implement Fannie Mae's program developments under its Duty to Serve mandates	Continuous	Y	HO
	2 Generate income via multifamily lending opportunities while addressing funding gaps in the capital market.	A	Generate \$150 million in 1st lien lending; 24 deals	6/30/2019	N	MF
			Generate \$9.8 million in revenue through 1st lien lending	6/30/2019	N	MF
		B	Generate \$250 million in conduit issuance; 15 deals	6/30/2019	N	MF
			Generate \$0.8 million in revenue through conduit issuance	6/30/2019	N	MF
		C	Generate \$15 million in SNHP allocations and loans; 10 projects	6/30/2019	N	MF
			Generate \$1.3 million in revenue through SNHP allocations and loans	6/30/2019	N	MF
		D	Research surplus state land opportunities	FY2019/20	Y	MF
		E	Research and implement lending opportunities for Rural; CDFI; small loans	FY2019/20	Y	MF
		F	Develop and implement lending programs using funds from Senate Bill 2 for mixed income and missing middle	FY2019/20	Y	MF
		Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)		Progress		
		G	Continue to explore ways to increase lending capacity through partnerships with localities, CDFIs, and private banks; reputation building & outreach	Continuous	Y	MF/ED
		H	Expand capital resources and delivery options for Multifamily lending activities	Continuous	Y	MF/FIN
		I	Create lending programs and partnerships to preserve naturally occurring affordable housing (NOAH)	90	Y	MF
	3 Strengthen Agency financial position by expanding credit facilities and maximizing return on equity.	A	Expand uses and eligible collateral on the Federal Home Loan Bank of San Francisco credit facility to include Multifamily loans	FY2019/20	Y	FIN
		B	Pursue new financial executions for lending areas that maximize the incremental value of loan originations	FY2019/20	Y	FIN
		Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)		Progress		
		C	Renew letter-of-credits supporting variable rate demand obligation bonds	Continuous	Y	FIN

Resolution 18-21 Attachment

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS		Due Dates / Status	Multi-Year Effort?	Item Owner
Continue to improve operational efficiencies through the use of technology, workforce planning and the implementation of best practices	4 Increase Operational Efficiencies	A	Complete Phase III of the upgrade to the Agency's Financial System (GP) to enhance the efficiency of fiscal and budgetary operations and to automate manual processes	6/30/2019	N	FIS/FIN
		B	Implement standardized asset management process; research alternative options for service delivery	6/30/2019	N	AM
		C	Enhance budget preparation process and automate data upload into Microsoft GP	6/30/2019	N	ADM/FIS
		D	Update agency policies and employee handbook, establish regular revision schedule	6/30/2019	N	ADM
		E	Implement update to purchase subordinate loans more frequently	12/31/2018	N	HO/FIS
		F	Fill key senior management vacancies including the General Counsel, the Director of Legislation and the Director of Business and Governmental Affairs	12/31/2018	N	ED/HR
		G	Improve management reporting for Multifamily and Asset Management divisions	6/30/2019	N	MF/AM
		H	Implement standardized asset management process and evaluate service delivery options	FY2019/20	Y	AM
		Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)			Progress	
		I	Continue to refine Agency operations by realigning staff resources (Fiscal Services, Loan Servicing, Single Family Lending, Executive office, etc.) to meet current business environment	Continuous	Y	ADM/FIS HO/ED
		J	Implement a formal workforce planning strategy based upon the workforce plan developed in FY 2016-17 and provide training to business units	Continuous	Y	ADM
		K	Continue to decrease external storage costs by eliminating 5,000 boxes stored offsite	60	Y	ADM
		L	Implement a formal new employee orientation program	25	Y	ADM
		M	Determine viability to automate timecard processing	25	Y	ADM / IT
		N	Complete changes to the Debt Management System (DMS) to eliminate manual processes	25	Y	FIN/FIS
		O	Research and implement a new multifamily loan servicing system and analyze the efficacy and opportunity for deploying new systems for multifamily loan origination and asset management activities	30	Y	MF/AM/FIS
	5 Continuously monitor and employ long-term strategies to mitigate enterprise risks.	A	Continuously evaluate and seek opportunities to improve systems and applications to support CalHFA business units. Implement electronic workflows, etc. where appropriate	Continuous	Y	IT/ERM
		B	Improve and standardize data & reporting	Continuous	Y	IT/ERM
Collaborate with other housing entities, lenders both public and private, and stakeholders to deliver effective and innovative housing solutions	6 Increase opportunities to meet California's affordable housing needs	A	Develop CalHFA ADU pilot program in collaboration with localities and other State partners	6/30/2019	N	HO
		B	Research and implement intergovernmental agreements to share performance and compliance data on regulated loans	FY2019/20	Y	AM
		Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)			Progress	
		C	Continue to explore opportunities for a permanent source of down payment assistance to support financing of affordable homeownership	Continuous	Y	ED/HO
		D	Provide technical assistance to legislature and others regarding affordable housing	Continuous	Y	ED
		E	Continue to monitor state & federal policy regarding affordable housing programs	Continuous	Y	ED
		F	Advocate with US Treasury for continued support of Multifamily Federal Financing Bank Risk-Share program	90	Y	ED/MF
Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship	7 Keep Your Home California program	A	Ensure remaining available funds are allocated to eligible homeowners	9/30/2018	N	KYHC
		B	Develop plan for management of program after closure of Central Processing Center	9/30/2018	N	KYHC
		C	Determine use of resources and management plan for KYHC funds after program closure	12/31/2020	Y	KYHC